

# Annual Report 2014



CALIFORNIA  
**FARMLINK**

The mission of California FarmLink is to link independent farmers and ranchers with the land and financing they need for a sustainable future.



# From the Executive Director and President of the Board

Dear Friends,

2014 was a remarkable year for California FarmLink. While celebrating fifteen years of building strong sustainable farms, we grew from our roots as a land access and technical assistance provider with a small lending program to a high impact alternative financial institution for farmers.

During this time of unprecedented growth we honed our educational curriculum, professional team, and financing strategy. Our 13 staff members, located in the Central Coast, North Coast, and Central Valley, helped over 300 beginning, immigrant, and underserved farmers and ranchers realize their goals of starting and growing their own businesses.

Since receiving certification as a Community Development Financial Institution (CDFI) in 2013, FarmLink has embraced the CDFI imperative of supporting those who are underserved by traditional financial institutions and broken new ground by applying it to the world of sustainable and organic agriculture. In 2014, we made 38 loans to farmers totaling \$1.1 million, up from \$700,000 the year before. Access to CDFI funds allowed FarmLink to increase technical assistance services and leverage private funds from banks, foundations and individuals, increasing our revolving loan pool to \$2.7 million to support the next generation of California farmers.

FarmLink's innovative loan team worked with small organic distributors and food hubs like ALBA Organics in Salinas and Mandela Marketplace in Oakland to provide crucial operating funds to the farmers who supply them. Our new loan products—starter loans, advance lines of credit, and purchase advances—are tailored to fit farmers' needs. They enable distributors and farmers to expand together and build sustainable systems through mutual support.

We also provided in-depth land access assistance to help farmers and landowners develop and negotiate lease agreements, resulting in 27 farm business start-ups and expansions. Lease clinics and individual consulting sessions throughout the state provided the tools farmers need to grow on secure ground, and we strengthened collaborations with beginning farmer training programs and incubators to help graduates find land and access capital as they navigate the transition to becoming entrepreneurs. Updates to our online land linking platform substantially improved the capacity and user experience of the system.

Access to farmland continues to present big challenges, and FarmLink is leading the charge to find innovative solutions. Our staff worked with land trusts and other conservation groups seeking to sell or lease land to farmers to deepen our understanding of their needs and goals, and bring resources and ideas to the table. This resulted in the successful development of four conservation leases, and laid the groundwork for new land opportunities.

We are excited about the positive impacts that FarmLink's land and loan programs have had for the organic, beginning, and immigrant farmers who are the foundation of our regional food systems. However, there is still an acute lack of access to land loans for these growers. To bridge this gap, FarmLink conducted research to understand the market and is identifying sources of capital to implement a farm mortgage lending program in 2015.

California FarmLink achieved landmark successes in 2014 through the participation and contributions of our colleagues and donors, and we look forward to your support as we move into exciting new terrain. All too often small and mid-size farmers are still falling through the cracks, and not getting the support they need. Please join us in expanding the unique work we do to help these farmers secure land and capital to grow healthy businesses. You can make a donation on our website, or contact Reggie or Jeffrey personally to explore additional opportunities for support. Together we can continue to grow a sustainable future for California's agriculture!

Sincerely,



**Reggie Knox**, Executive Director  
831.425.0303; [reggie@cafarmlink.org](mailto:reggie@cafarmlink.org)

**Jeffrey Westman**, President of the Board of Directors  
831.425.0303; [jeffrey@westman.com](mailto:jeffrey@westman.com)



Javier Zamora of JSM Organics and U.S. Representative Sam Farr (CA-20th District)

"FarmLink has been my partner in growth and support over the last three years. They helped me develop a good lease agreement, and provided loans and business support to help me get started, and then to expand. Without FarmLink's help there's no way I would have gotten to where I am, and where I am headed."

— Javier Zamora, JSM Organics, Monterey County

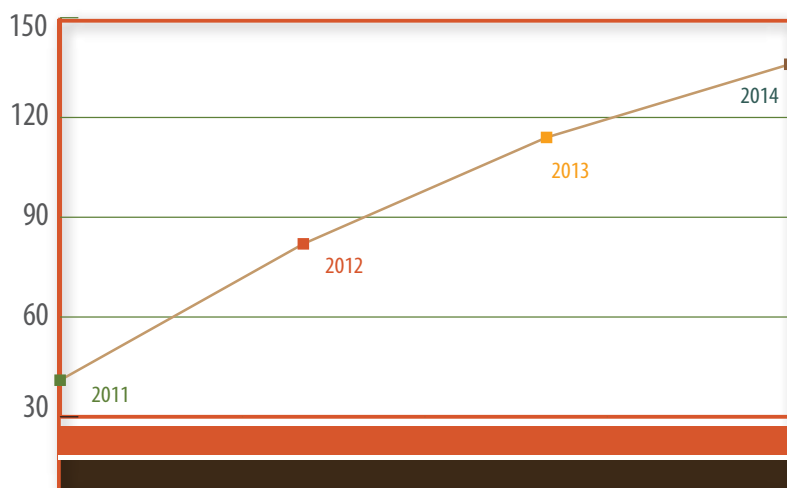


# Access To Land

Since 1999, California FarmLink has helped more than 1,500 beginning and small-scale farmers find and secure land. Three regional program coordinators, based in the Central Coast, North Coast, and Central Valley, provide one-on-one technical assistance to our clients, facilitating farm leases, purchases, and business successions. Long regarded as a leader in providing farmland access and tenure services, FarmLink operates an innovative online linking system that enables landowners, retiring farmers, and land-seeking farmers to connect.

The land access program also offers a variety of educational opportunities, including our popular lease clinics, farmer-landowner mixers, and succession planning workshops, along with fact sheets, workbooks, and guides that cover topics ranging from how to find land to understanding and implementing the elements of a good lease. Our land access and linking program has served as a model for other programs across the U.S and is a key piece of our goal to increase economic success for beginning, limited-resource, immigrant, and other underserved farmers.

## Number of Land Links Made 2011-2014 (cumulative)



Links include lease agreements, creative business arrangements, and succession plans.



## Farmer Spotlight: Chris Hay, Say Hay Farms



Chris Hay of Say Hay Farms with landowners Pat Meade and Jon Robbins on their property in Yolo County

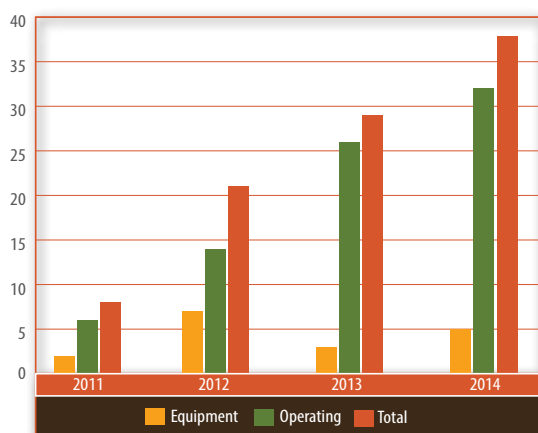
Say Hay Farms is a mixed vegetable, flower, and poultry operation that sells to farmers' markets, independent grocers, and restaurants in the San Francisco Bay Area, Davis, and Sacramento. The farm also boasts a successful Community Supported Agriculture program (CSA). Say Hay Farms is a rising star in Yolo County and California FarmLink is proud to support this blossoming operation.

Owner Chris Hay is a former Chez Panisse employee with a passion for agriculture. After stints as both manager and chef at farmers' markets, Hay studied with winemakers at Eno Wines and Broc Cellars in Berkeley. When his desire to farm overtook him, Chris moved to Watsonville to work on an organic mixed vegetable farm. He learned about almost every aspect of that farm, then launched his own operation on 8 acres near Woodland.

Since that beginning, Chris Hay has expanded his business three times with linking and lease assistance from FarmLink. In 2013, Say Hay Farms leased 15 acres owned by retired farmers in Yolo County. This year, FarmLink helped Say Hay Farms negotiate a uniquely tailored 34-year lease with a purchase option. This link has helped foster the next generation of farmers and secure the future for Say Hay Farms at this location.

# Access To Capital

## Number of Loans by Type 2011-2014

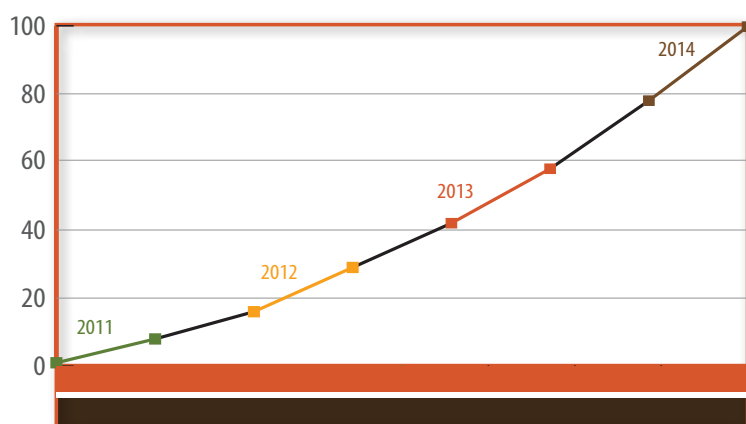


Soon after the organization was founded, California FarmLink recognized a gap in the availability of financing for small-scale, beginning, and organic farmers. These farmers had few options for loans of under \$100,000. Initially, we helped farmers understand and navigate existing farm finance institutions and in 2010, FarmLink launched its own revolving loan fund. Since then, we've raised \$2.7 million in loan capital, leveraging USDA funds and guarantee programs to obtain investments from banks, foundations, and individuals. FarmLink loans range from \$2,500 to \$250,000, providing much-needed capital for annual operating costs, equipment, and infrastructure. In 2013 FarmLink received certification under the U.S. Department of the Treasury as a Community Development Financial Institution (CDFI)—the first in the nation to exclusively serve farmers. This has increased our ability to provide flexibly structured financing to beginning, minority, low-income, and small-scale farmers who would otherwise have a difficult time securing financing. These include people with limited history as entrepreneurs, limited collateral or credit history, language barriers, and non-traditional marketing and business models.

Through one-on-one technical assistance, and events such as Farm Finance Expos, loan application clinics, and cash flow classes, FarmLink's loan program supports a larger goal of helping farmers learn and improve business and financial management skills and build long-term financial viability. Our multilingual lending team provides individual loan advising that helps borrowers design repayment plans to make the most of seasonal cash flow while addressing perennial challenges such as the need to hire labor prior to harvest and sales. If our loan program is not the right fit, FarmLink directs farmers to alternative sources of financing best suited to their needs.

In 2014, FarmLink continued its commitment to help create and expand businesses that grow California's sustainable agriculture movement. Building on the loan program's steady success, FarmLink is excited to announce a new farm mortgage program beginning in 2015 that will offer land loans up to \$500,000.

## Number of Loans Closed, 2011-2014 (cumulative)



Since becoming a direct lender FarmLink has made 100 loans averaging \$30,000 in size. Loans carry a 7% interest rate and a 2% origination fee with reasonable withdrawal policies and no early repayment penalties.

## Farmer Spotlight: Victor and Veronica Cortes, La Granjita Orgánica



The Cortes family on their farm in Monterey County

Victor and Veronica Cortes launched their organic farm, La Granjita Orgánica, in December 2013 after completing the Farmer Education Program at the Agriculture and Land-Based Training Association (ALBA) in Salinas. After 20 years working in agriculture for other people, Victor now owns and operates his own farm business with his wife. FarmLink helped the Corteses qualify for a \$5,000 loan to help start their business on one acre and build their credit based on Victor's agricultural experience and the support of ALBA. They grow organic mixed vegetables and herbs, including tomatoes, cilantro, jalapenos, and summer squash, and sell to ALBA Organics, the distribution arm of ALBA.

Victor and Veronica's loan is one of several starter loans that FarmLink made in 2014. These loans provide beginning farmers with access to small amounts of capital (\$5,000 or less) and the opportunity to build credit and establish a track record with a lender so they can secure the financing they need as they grow their businesses. The small \$1,000, \$2,500, or \$5,000 loans can help start-up farms buy seed, hire help, lease equipment, and prepare to qualify for larger loans in the future. Victor and Veronica plan to expand their business in 2016 by adding acreage, increasing strawberry production, purchasing their own tractor, and continuing to build their credit. They were grateful for a loan application process that felt comfortable and personalized and look forward to working with FarmLink again.



# Key 2014 Accomplishments

## Land Access Program

- Provided 305 farmers, ranchers, and landowners with hands-on individual technical assistance, resources and coaching on land tenure
- Provided 400 farmers, ranchers, and landowners with tools and training in leases and other land access topics through 10 workshops in six counties
- Linked 27 farmers with land, including 10 business start-ups, providing lease development, facilitation, and negotiation services

## Loan Program

- Made 38 loans totaling \$1.1 million
  - 70% to minority farmers
  - 25% to women farmers
  - 85% to low income farmers
- Enabled farmers to create 75 new jobs and retain 63 jobs
- Provided 52 farmers with individualized technical assistance on financing and business development
- Provided 425 farmers and ranchers with tools and training in farm financing, financial management, and business development through 13 seminars and workshops
- Designed two new loan products to specifically serve beginning farmers and ranchers: advance lines of credit up to \$25,000 and starter loans up to \$5,000



Delfina Corcoles and family on her farm in Monterey County. FarmLink helped Delfina establish her business with a long-term lease and an operating loan.

## Publications and Webinars

- Published *A Guide to Developing and Operating an Agricultural Individual Development Account (IDA) Program*. Based on the findings of a three-year multi-state collaborative led by FarmLink to expand asset building for farmers and ranchers, the Guide provides resources and ideas for starting and running an agricultural IDA program and avoiding pitfalls. Available in the Resource Library at [www.cafarmlink.org](http://www.cafarmlink.org). *This project was funded by USDA's Beginning Farmer and Rancher Development Program (BFRDP).*
- Updated and streamlined FarmLink's *Business Plan Workbook for New Farmers*. (Available in the Farm Business Management section of the Resource Library at [www.cafarmlink.org](http://www.cafarmlink.org))

“FarmLink helped me find the ground and facilitate the relationships that enabled me to have a career in farming. As someone who didn’t come from a farming family, an organization like FarmLink is essential to help us gain access to resources like land and capital.”

– Chris Hay, Say Hay Farms, Yolo County

# Board and Staff

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**Angela Reed**, Comerica Bank

**Cat Howard**, Northern California Community Loan fund



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**Central Coast Program Coordinator**

Mika Maekawa

**Communications Coordinator**

Ariana Reguzzoni

**Program and Operations Associate**

Austin Lewis

**Farm Water Advisor**

Deborah Nares

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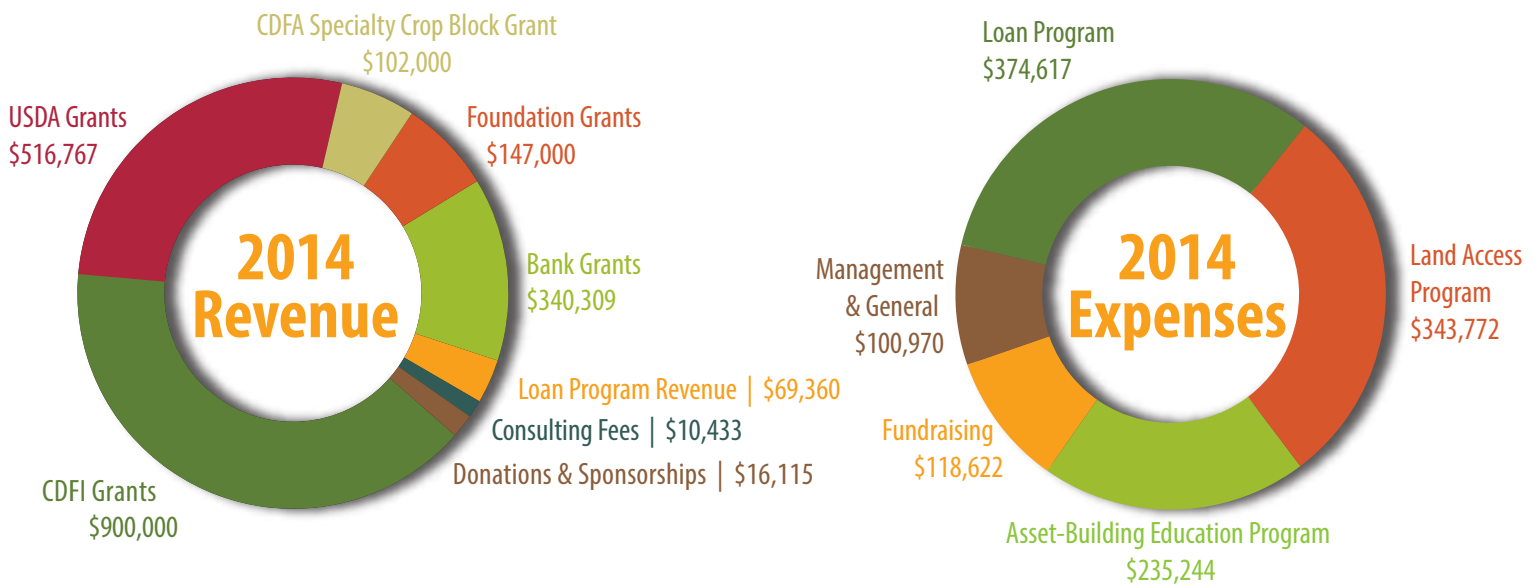
**Loan Program Consultants**

Anthony Chang

Herb Aarons

California Farmlink is an equal opportunity provider, employer, and lender.

# Financial Snapshot



For more information please write to [info@cafarmlink.org](mailto:info@cafarmlink.org) for our 2014 audited financial statements, or visit [www.cafarmlink.org](http://www.cafarmlink.org).



"As my farm business has grown, financing has become increasingly important. Strawberries, one of the primary crops that I grow, require quite a bit of capital up front to plant and care for before I can harvest and generate revenue. Without the financing I have been able to access working with FarmLink, I would not be able to operate my business at the scale I do. In addition to the financing, the business resources and advice that FarmLink provides have been essential to my success."

— Rigoberto Bucio, Bucio Organic Farm, Monterey County



# Thank you to all of our generous 2014 supporters!

## Major Funders and Investors

- 11th Hour Project, Schmidt Family Foundation
- Bank of the West
- California Department of Food and Agriculture's Specialty Crop Block Grant Program
- Comerica Bank
- Community Impact Grant from the Community Foundation for San Benito County
- Christiano Charitable Fund at Impact Assets
- Monterey Peninsula Foundation, host of the AT&T Pebble Beach National Pro-Am
- North American Development Bank Community Assistance Program
- Orchard Hill Family Fund
- Rabobank
- RSF Social Finance
- Rudy E. Futer Fund for Human & Humane Needs, the Ken and Gundy DuVall Fund and the Brown Family Fund of the Community Foundation for Monterey County
- U.S. Department of the Treasury's Community Development Financial Institutions Fund (CDFI Fund)
- Union Bank Foundation
- USDA National Institute of Food and Agriculture (NIFA) Beginning Farmers and Ranchers Development Program (BFRDP)
- USDA Risk Management Agency (RMA) Risk Management Education Partnerships Program
- USDA Rural Development Rural Business Enterprise Grant (RBEG)
- USDA Rural Development Rural Microenterprise Assistance Program (RMAP)
- Washington State University Western Extension Risk Management Education Center and the USDA National Institute of Food and Agriculture (NIFA)
- Wells Fargo

## Donors and Sponsors

- American Ag Credit
- Business & Entrepreneurship Center at Cabrillo College
- Jacobs Farm / Del Cabo
- Logan Family Foundation
- Sacramento Region Community Foundation
- Soil Born Farms
- The Center for Agroecology & Sustainable Food Systems at the University of California, Santa Cruz
- The San Francisco Foundation
- Thomas & Eva Fong Foundation

**A special thank you to the members of the California FarmLink Board of Directors for their vital support and generous contributions.**



"I would have never been able to grow my business without the financing I received from FarmLink. As a farmer I face many obstacles; knowing that I can cover my operating expenses with a loan, and pay it back later in the year, lets me focus on growing a good product."

— Bertha Magaña  
Magaña Farm, Monterey County